



# Women in Business Market Brief

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## THE NETHERLANDS

### AUTOMOTIVE PARTS AND SERVICE EQUIPMENT

Prospects for the equipment sector in the next few years are favorable. Between 2000 and 2005, the annual market size of garage equipment is estimated at \$129 million while the market for hand-tools is estimated at \$29 million. Modern engine management systems require advanced diagnostic equipment. The annual Dutch roadworthiness test (APK), makes it obligatory for automotive service providers to have advanced measuring equipment, including brake-testing beds. Consequently, sales of complete testing installations are expected to increase.

Increasingly complex and high-tech applications, customer demand for quick service, an increase in efficiency and growing environmental concerns have caused a growth surge in the garage equipment sub-sector, including garage testing lanes; electronic testing and diagnostics equipment; sophisticated infrared testing equipment (HS-903180390) and microelectronic exhaust testers; sealed and recyclable batteries (HS-850710810); asbestos-free brake (HS-870831990) and friction materials; exhaust gas extraction equipment; paint thinner; recycling products; products for waste oil and other waste materials storage, and transportation; special filter installations for auto paint spraying. In the short term a dramatic increase is expected in the use of computers, software, data storage on diskettes, in-car navigation, electronic maps (CD-ROM), infrared blind-spot detectors, radar enhanced cruise control (HS-903289900), and head up display of speed/distance.

As a result of the car-customizing trend, best prospect sub-sectors include: High quality and price competitive audio equipment (HS-852721910, HS-852721990); Alloy wheels (HS-870870500), wooden trimmings (HS-442010190), seat covers (HS-630493000) and other interior and exterior car accessories.

**Best Prospects:** garage testing lanes, electronic testing and diagnostic equipment, asbestos free brake and friction materials, products for waste oil and other waste materials storage, soot filters for diesel engines, exhaust gas extraction equipment, infrared blind-spot detectors.

The following table reflects the size of the Dutch automotive parts and accessories market (unofficial estimates).

\$ millions	2001	2002	2003 (estimated)
Total Market Size		766	826
Total Local Production		355	370
Total Exports		426	434
Total Imports		837	890
Imports from the U.S.		460	673

Exchange Rate \$1 = €0.9454

## ENVIRONMENTAL TECHNOLOGY

The Netherlands is one of the most densely populated countries in the world and is highly industrialized. Its coastal location and the fact that a number of major rivers flow into the North Sea through the Netherlands make the country an important freight transport route both for shipping and for road transport to Germany, Belgium and beyond. One of the objectives is to reduce the emission of CO<sub>2</sub> caused by traffic.

During the last decade the Dutch government has published several environmental plans and has placed the environment high on the political agenda. A progressive approach was and still is stimulated, leading to new and innovative methods in solving the environmental problems. A recent principle of the Dutch government is to spend more money on environmental protection in order to compensate the negative effect of ongoing economic growth. In 2003, the government spent over \$2 billion, which was 1.9 percent of total expenditures.

Current environmental policy objectives include continuing the implementation of strict environmental rules and regulations, focus on soil remediation, reduction of the domestic warming effect and noise control, caused by motor vehicles and airplanes. One of the projects is de-pollution of gas station soil. The government states that a higher level of involvement in solving the environmental issues by citizens and companies needs to be stimulated. Furthermore, research is needed on the long-term effects of the environmental issues.

\$ millions	2001	2002	2003 (estimated)
Total Market Size	2,645	2,803	2,909
Total Local Production	2,934	3,111	3,229
Total Exports	873	925	960
Total Imports	582	617	640
Imports from the U.S.	47	49	51

The above statistics are unofficial estimates.

**Best Prospects:** soil remediation equipment, water testing and sampling equipment and instruments, measurement and analysis instruments and emission filters.

## GENERAL CONSUMER GOODS

The Netherlands is a market that is very adaptive of new consumer products. Although the consumer goods market suffered from a decrease in turnover the last few years, consumers are more optimistic towards the economic situation and are more willing to spend money. Retailers also feel more confident about the turnover prognosis for 2005. In general, both turnover and pricing decreased in 2004. Nevertheless, there are some leading sub industries:

The cosmetics market showed a slight growth of 0.4% in 2004, both in turnover and volume. Total domestic sales in the Netherlands came to \$1.6 billion euro ex-works. Total consumer spending on personal care was in excess of \$3 billion euro in 2004. Per capita spending on cosmetics was \$185.

The market for household appliances reached a turnover of \$2.3 billion (increase of 5.4%), while customers spent over \$2.9 billion in 2003. Customer spending shows a moderate growth. Usually the last quarter of the year generates a 30% higher turnover than the previous quarters.

A total turnover of \$1.3 billion has been accomplished in 2003 in the market for sporting goods/recreational equipment. Customer spending reached about \$2.3 billion. Between 1998-2002

turnovers grew substantially harder than the total retail turnover. In 2003 sales in the apparel and textiles industry reached \$9.4 billion. Although turnover dropped by 9% compared to 2002, textiles retailers obtained a surplus in turnover of almost 4%.

**Best prospects:** cosmetics, sporting goods, interior decorating products, dentures, toys, video games, and kitchen appliances.

## MEDICAL EQUIPMENT

The Netherlands is a leading European location for cutting-edge, high-tech industries, including medical technology. The country has a strong tradition in the medical technology industry. There are more than 500 medical technology companies and over 35 specialized research centers operating in the development and manufacturing of medical instruments and systems. In the area of diagnostics, advances in technology have accompanied a shift towards less expensive, more accessible diagnostics. Imports play a major role in supplying the market. As the home market is relatively small in the Netherlands, a major percentage (about 90%) of total production is exported.

Dutch medical technology importers are highly specialized, both in terms of product knowledge and understanding of the Dutch healthcare system. Most promising subsectors include medical imaging equipment, biosensors, medical lasers, and radiodiagnostic devices.

\$ millions	2001	2002	2003 (estimated)
Total Market Size	926	1,026	1,026
Total Local Production	258	263	265
Total Exports	232	237	239
Total Imports	900	1,000	1,000
Imports from the U.S.	336	385	400

Exchange Rate \$1 = €0.9454

The above statistics are unofficial estimates.

**Best prospects:** equipment for diagnostic imaging, physiotherapy, radiotherapy, cardiovascular products such as pacemakers and angiography catheters and apparatus for extracorporeal blood treatment, biosensors, medical lasers and radiodiagnostic devices.

## SECURITY AND SAFETY EQUIPMENT

Since September 11, 2001, security has become a prime concern for the government, property owners, and air/sea ports in the Netherlands. Recent international and national regulations mandating increased security have led both government and private organizations to allocate greater resources for security upgrades. The Netherlands has been a cooperative partner in several U.S. led security initiatives. The Port of Rotterdam was the first port in the world that participated in the U.S. Department of Homeland Security's Container Security Initiative (CSI). It also cooperates with the Department of Energy's National Nuclear Security Administration (NNSA) on deploying and equipping radiation detection equipment.

The next step is the ISPS (International Ship and Port Facility Security) Code, which has been developed by the International Maritime Organization (IMO). This Code, which became effective on July 1, 2004, aims at better protection against terrorism for ships and port terminals. In this respect, the Port of Rotterdam has developed a port security tool kit that is used by all ports in the Netherlands and Belgium. For 141 companies in the Rotterdam port, total costs to meet the ISPS code are estimated at USD 121 million. In the port of Amsterdam, 86 companies have to comply with the ISPS code requiring a total investment of about USD 73 million. These amounts include access control equipment, camera surveillance systems, security personnel and training. The

Netherlands' major airport, Amsterdam Schiphol, has also tightened its security measures and is constantly looking for improvements.

While the Netherlands is a comparatively safe nation with a low crime rate, it is estimated that up to fifty percent of all companies and organizations have been the victim of some type of criminal act. The total damage caused by thefts in Dutch companies is estimated at USD 493 million per year. Investments in alarm equipment and other preventative measures by the business community amounts to approximately USD 765 million per year. Shoplifting is also a serious problem in the Netherlands. About 5 million cases annually are reported, resulting in losses of about USD 925 million. With regard to public safety 1,478,000 Dutch citizens are victims of theft or house burglary per annum.

By sector, the annual turnover of safety and security equipment in the Netherlands is as follows:

#### A. Fire Sector

Fire Alarm Equipment	USD 35 million
Fire Detection	USD 129 million
Small Fire Extinguishing Equipment	USD 110 million
Special Fire Extinguishing Systems	USD 60 million
Smoke Control Systems	USD 46 million

#### B. Security Sector

Alarm Equipment and Components	USD 167 million
Private Alarm Centers	USD 125 million
Electronic Access Control	USD 128 million
Closed Circuit Television Systems	USD 65 million

**Best prospects:** closed circuit television (CCTV) systems, access control systems, biometrics, explosives, nuclear and metal detectors and residential alarms.

## TELECOMMUNICATIONS

The total telecommunications (services and equipment) market in the Netherlands amounted to approximately \$18 billion in 2002. The total Dutch market is expected to grow by approximately 3-4 percent in 2005 to more than \$19.5 billion. Approximately 80 percent, or \$15 billion, of the total market consists of telecommunications services, while the remaining 20 percent consists of telecommunications products and equipment. In the market for telecom services the business segment represents approximately 65 percent. Fixed telephony still has the largest share of the telecommunications market followed by mobile telecommunications and data communications.

The Netherlands offers an open, liberalized telecom market, which is accessible and welcomes new investments, both foreign and domestic. The Dutch government is committed to promote competition in the telecom market. In 2002, competition further increased, end-user prices went down, infrastructure investments and the telecom labor market grew and additional services were introduced particularly in the areas of fast Internet, ADSL (Asymmetrical Digital Subscriber Line).

Privatized since 1989, the market for telecommunications services is still dominated by KPN Telecom, telecom part of former Dutch state-owned Royal Dutch PTT (Post, Telegraph and Telephone). KPN is active in all fields of the telecommunications market. Following major investments in UMTS licenses and infrastructure, KPN had to scale down its operations considerably. Through E-Plus, KPN participates in the mobile communication markets in Germany. Even with KPN still a dominant factor, the Netherlands belongs to the more liberalized telecom countries in Europe and has proactively promoted competition. OPTA, the Dutch independent regulator, is closely watching and stimulating competitive developments. Fixed line

voice telephony was completely liberalized on July 1, 1997. KPN still has only a limited number of competitors in this market, particularly in the consumer market and local calls segment. With number portability since 1999, carrier preselection and unbundling of the local loop in 2000, competition increased. Major investments were made by competing carriers in fixed line networks in recent years, particularly in view of the growing demand for broadband services. In the leased line services area, KPN is also still the dominant carrier.

\$ millions	2001	2002	2003 (estimated)
Total Market Size	13,875	14,235	14,760
Sales by Local Firms	10,405	10,675	11,070
Exports by Local Firms	1,390	1,425	1,475
Sales by Foreign-Imports Firms	4,860	4,985	5,165
Sales by U.S.-owned Firms	2,080	2,135	2,215

**Best prospects:** mobile and fixed line telephony services, switched data and leased line services, cable services, broadband services, mobile (value-added) data services, generally, all types of Internet related communication services, products for infrastructure expansion, outsourcing and maintenance of infrastructure installation, WiFi services, and VoIP services for the business market, all types of security applications for mobile communications.

## TRAVEL AND TOURISM SERVICES

The Netherlands continues to be an important international travel market for the U.S. travel and tourism industry. The Netherlands ranks number eight when looking at the total number of visitors to the United States. The total number of Dutch business and leisure visitors reached 390,000 in 2004. For 2005, an increase of eight percent is expected, meaning a total of 421,000 visitors.

The United States is the number one long-haul destination for the Netherlands. Market indicators and local sources point to even new growth for the Dutch market in the next two or three years. Dutch travelers to the United States stayed two weeks on average and spent a little over \$95 per day during 2004. They tend to visit several states and destinations during their stay. Dutch travelers are generally quite active and independent, interested in seeing different areas of the country.

**Best prospects:** national parks and forests, resorts, water sports, downhill skiing, beaches, camping.

## APPAREL

The fashion market is an important sector in the Dutch economy. The city of Amsterdam recently celebrated its fourth edition of the Amsterdam International Fashion Week, which was organized to promote the Netherlands as an inspiring destination for fashion. In 2004, Dutch consumers spent almost \$12 billion on apparel. The largest segment was women's apparel, worth \$3.5 billion. In 2003, revenues were almost \$8.5 billion. Overall apparel sales have been declining in the past few years; however, the first signs of a recovering economy were seen in 2005 and are expected to continue through 2006. Consumer confidence and willingness to buy will positively impact the fashion retail industry. Best prospects include trendy and cheap women's apparel, jeans, sporting apparel, men's apparel and apparel for certain niche markets, like seniors (65+) and young immigrants.